

## PROSPECTUS SUPPLEMENT DATED 12 SEPTEMBER 2018

This supplement to the merger prospectus dated 16 February 2018 (the “**Prospectus**”) in respect of the merger of Nordea Bank AB (publ) (“**Nordea Sweden**”) into Nordea Bank Abp (“**Nordea Finland**”) may not be sent by any medium to any person in Australia, Canada, China, Hong Kong or any other jurisdiction in which the offer to sell or the solicitation of an offer to buy any shares in Nordea Finland would not be permissible.

Nordea Finland supplements the Prospectus with the following information. This information should be read in conjunction with the Prospectus, the supplement to the Prospectus dated 7 May 2018 and the supplement to the Prospectus dated 6 August 2018. Terms defined elsewhere in the Prospectus have the same meaning when used in this supplement to the Prospectus.

### **Operating and Financial Review and Prospects—Recent Events**

The section of the Prospectus entitled “*Operating and Financial Review and Prospects—Recent Events*” is supplemented as follows:

- (1) The following text is inserted to become the new seventh subsection under the section entitled “*Operating and Financial Review and Prospects—Recent Events*” on page 79 of the Prospectus:

#### ***ECB Permission for Continued Use of Existing Internal Models***

As part of the planned re-domiciliation of the parent company of the Nordea Group to Finland and the transition of the Nordea Group to the EU banking union regulatory framework, Nordea announced on 17 August 2018 that the ECB had granted Nordea Finland (Nordea Bank Abp) a permission for temporary use of internal models for calculation of risk exposure amounts (REA). The decision implies a migration of pillar 2 capital add-ons into pillar 1 risk exposure amount (REA) and an unchanged nominal capitalisation level.

Nordea has voluntarily committed to complying with the SFSA 2018 Supervisory College Joint Decision as of 1 October 2018 until the ECB has issued a decision establishing prudential requirements prepared in accordance with the 2019 SREP, which is expected late 2019. During this transition, the ECB decision, including the already announced implementation of the Swedish residential real estate risk-weight floor, reduces the forecasted common equity tier 1 (CET1) capital ratio of the Nordea Group for the fourth quarter of 2018 to approximately 15.5 per cent and similarly reduces the associated transitional common equity tier 1 (CET1) capital ratio requirement to approximately 13.7 per cent (of which 3 per cent relates to pillar 2). This can be compared to the forecasted common equity tier 1 (CET1) capital ratio for the fourth quarter of 2018 under the Swedish regulatory capital framework, including the implementation of the Swedish residential real estate risk weight floor, of approximately 18.5 per cent and, similarly, a forecasted common equity tier 1 (CET1) capital ratio requirement of approximately 16.5 per cent. The forecasted common equity tier 1 (CET1) capital ratios are provided, in each case, as of the date of this Prospectus. The Nordea Group’s reported common equity tier 1 (CET1) capital ratio as of the end of the second quarter of 2018 was 19.9 per cent with a common equity tier 1 (CET1) capital requirement of 17.6 per cent. The management buffer in nominal terms is expected to remain largely unchanged.

Nordea expects to communicate the final capital requirements for the Nordea Group after 1 October 2018 following the SFSA 2018 Joint Capital Decision, which will include the transitional common equity tier 1 (CET1) capital requirement set by the SFSA that applies from 1 October 2018 to when the ECB issues its 2019 Joint Capital Decision, which is expected late 2019.

The Nordea Group’s capital and dividend policy will remain unchanged. The decision does not change the Nordea Group’s business model or risk profile and the Nordea Group is committed to maintaining its AA rating after the re-domiciliation. As part of the decision for temporary use of internal models, the Nordea Group has committed to a model improvement development plan with applications expected no later than 2020.

- (2) The following text is inserted to become the new eighth subsection under the section entitled “*Operating and Financial Review and Prospects—Recent Events*” on page 79 of the Prospectus:

#### ***SFSA Approval of the Merger of Nordea Sweden into Nordea Finland***

Nordea announced on 23 August 2018 that the SFSA had authorised Nordea Sweden to execute the Merger Plan and, thereby, to re-domicile the parent company of the Nordea Group to Finland.

- (3) The following text is inserted to become the new ninth subsection under the section entitled “*Operating and Financial Review and Prospects—Recent Events*” on page 79 of the Prospectus:

***Resolutions by the Sole Shareholder and by the Board of Directors of Nordea Finland***

In connection with the formal preparations for the re-domiciliation of the parent company of the Nordea Group to Finland, Nordea announced on 5 September 2018 that Nordea Sweden, as the sole shareholder of Nordea Finland, had resolved upon repurchase and transfer of Nordea Finland’s own shares in order to be able to continue the securities trading business as conducted by Nordea Sweden prior to the re-domiciliation. Furthermore, the board of directors of Nordea Finland decided to file formal listing applications with Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen and to issue own shares in an amount that corresponds to the number of own shares held by Nordea Sweden as of the last trading day before the re-domiciliation in order to mirror the holding of own shares after the re-domiciliation.

***Resolutions Relating to Repurchase and Transfer of Own Shares for the Purposes of Securities Trading Business and Establishment of the Shareholders’ Nomination Board***

**Repurchase of Own Shares**

In order to be able to continue the current securities trading business, Nordea Sweden, as the sole shareholder of Nordea Finland, has decided in accordance with the Finnish Companies Act that Nordea Finland may repurchase its own shares for the purpose of its ordinary course securities trading business. In its securities trading business, Nordea Finland, among other things, will act as a market maker in its own shares on the relevant stock exchanges and in indices in which shares in Nordea Finland form a significant part as well as offers related products. The decision enables Nordea Finland to continue to provide a full range of products in the same manner as other commercial banks and to fulfil its current market maker undertakings.

The amount of own shares to be repurchased may not exceed 200,000,000 shares, corresponding to approximately 5 per cent of Nordea Finland’s shares after the completion of the merger of Nordea Sweden into Nordea Finland. Own shares shall be repurchased on Nasdaq Helsinki, Nasdaq Stockholm or Nasdaq Copenhagen, as the case may be, or from counterparties of the securities trading business outside of the market or through the use of derivative instruments, in each case, at a total price that does not exceed the market price prevailing on the relevant stock exchange at the time of the repurchase or the time of entry into the relevant derivative instrument, as the case may be. Since own shares shall be repurchased in accordance with the above, own shares will be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The facilitation of Nordea Finland’s securities trading business, in which the ability to trade also in own shares is required, forms a weighty financial reason for directed repurchases.

Own shares are repurchased using the invested unrestricted equity fund of Nordea Finland. Similar to the corresponding decision by the AGM of Nordea Sweden held on 15 March 2018, Nordea Finland’s holding of its own shares in the trading book shall not at any time exceed the lower of (i) 0.1 per cent of the total number of shares in Nordea Finland or (ii) 10 per cent of Nordea Finland’s excess common equity tier 1 (CET1) capital.

Own shares shall be repurchased before the end of the next AGM of Nordea Finland and in any event before 30 June 2019.

**Transfer of Own Shares**

The sole shareholder also resolved that Nordea Finland, for the purpose of its ordinary course securities trading business, may transfer its existing own shares for consideration (reissue of shares from treasury) to enable Nordea to continue with such business also following the re-domiciliation. Nordea Finland may transfer its own shares in deviation from the shareholders’ pre-emptive rights. The same weighty financial reasons relating to Nordea Finland’s securities trading business that apply to the directed repurchase also apply to the directed transfer of own shares.

The amount of own shares to be transferred may not exceed 200,000,000 shares, corresponding to approximately five per cent of Nordea Finland’s shares after the completion of the merger of Nordea Sweden into Nordea Finland. Own shares shall be sold through Nasdaq Helsinki, Nasdaq Stockholm or Nasdaq Copenhagen, as the case may be, or directly to counterparties of the securities trading business at a price that is no less than the market price prevailing on the relevant stock exchange at the time of the sale or at the time of the entry into the relevant derivative instrument, as the case may be.

The subscription price shall be recorded in the invested unrestricted equity fund of Nordea Finland. Own shares shall be transferred before the subscription period ends, that is at the end of the next AGM of Nordea Finland and in any event before 30 June 2019.

## Establishment of Shareholders' Nomination Board, Approval of the Charter of Shareholders' Nomination Board and Remuneration

Nordea Sweden, as the sole shareholder, further resolved that a shareholders' nomination board shall be established and decided to approve the charter of the shareholders' nomination board, pursuant to which the nomination board shall, among other things, present proposals to the next AGM concerning board members, chairman of the board of directors, as well as remuneration to these. The nomination board will consist of the chairman of the board of directors of Nordea Finland and four other members who are appointed by the four largest shareholders in Nordea Finland in terms of voting rights as per 1 October 2018.

The sole shareholder finally also resolved that remuneration to the members of the board of directors in Nordea Finland shall be paid as from and including 1 October 2018 up until the end of the next AGM in accordance with the amounts resolved by the AGM of Nordea Sweden held on 15 March 2018. However, any remuneration that has already been paid out to the members of the board of directors of Nordea Finland in their capacity as directors of Nordea Sweden during 2018 shall be deducted and consequently not paid twice.

### *Decisions by the Board of Directors of Nordea Finland*

In order to mirror the holding of own shares after the re-domiciliation, the EGM of Nordea Finland held on 15 March 2018 authorised the board of directors to decide on an issue of a maximum of 404,995,191 own shares to Nordea Finland itself. Based on the authorisation, the board of directors of Nordea Finland decided to carry out a directed share issue to Nordea Finland itself in accordance with the Finnish Companies Act. The share issue shall be effective on the day of the completion of the merger of Nordea Sweden into Nordea Finland. The number of shares to be issued shall correspond to and shall be determined based on the amount of treasury shares held by Nordea Sweden on 28 September 2018 as of closing of Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen.

Furthermore, the board of directors of Nordea Finland resolved to file formal stock exchange listing applications with Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen for the listing of the shares in Nordea Finland on these stock exchanges.

### **Board of Directors, Management and Auditors**

The section of the Prospectus entitled "*Board of Directors, Management and Auditors*" is supplemented as follows:

- (1) The following paragraph is inserted to become the last paragraph under the section entitled "*Board of Directors, Management and Auditors—Group Executive Management*" on page 147 of the Prospectus:

On 4 September 2018, Nordea announced that Topi Manner, Executive Vice President, Head of Personal Banking and member of Group Executive Management, will be leaving Nordea by the end of 2018 to join Finnair Plc as its new CEO.